

STATE OF VERMONT
PUBLIC SERVICE BOARD

EEU-2011-07

In re: Efficiency Vermont 2010 Savings)
Verification)

Order entered: 12/22/2011

ORDER RE EFFICIENCY VERMONT 2010 SAVINGS VERIFICATION

I. INTRODUCTION

In today's Order, we accept the Department of Public Service's ("Department") recommendation with regard to the annual electrical energy savings, total resource benefits, summer peak demand savings, winter peak demand savings, and summer and winter peak demand savings in geographically targeted areas for the Year 2010, which will be credited toward Efficiency Vermont's ("EVT") total three-year performance goals.

II. BACKGROUND

Pursuant to Vermont Energy Investment Corporation's ("VEIC") Order of Appointment,¹ performance compensation is to be paid based on the attainment of three-year performance goals. In order to establish and validate VEIC's claims with respect to its performance goals, VEIC submits a report to the Board and the Department that establishes its claim regarding its performance goals for the previous year. Following VEIC's savings claim, the Department is to provide a recommendation to the Board regarding annual results relative to VEIC's claims for the previous year.

On November 4, 2011, the Department filed a recommendation regarding EVT's Year 2010 Annual Electrical Savings, Total Resource Benefits, Summer Peak Demand Savings, and Winter Peak Demand Savings. On November 17, 2011, the Department filed a revised letter

1. Docket 7466, Order of 12/20/10.

regarding 2010 Savings Verification that addressed the Net Peak Demand Savings for Summer and Winter from the geographically targeted areas.

In a November 23, 2011, memorandum, the Public Service Board ("Board") provided an opportunity for interested parties to file comments. No interested parties filed comments on the Department's recommendation.²

III. DEPARTMENT'S RECOMMENDATION

The Department filed a recommendation regarding EVT's Year 2010 electrical savings claim, as supported by the report entitled *Verification of Efficiency Vermont's 2010 Claimed Annual MWh Savings, Coincident Summer and Winter Peak Savings and Total Resource Benefit* ("Verification Report"). The Department's recommendation states that VEIC and the Department have agreed upon several adjustments to EVT's original savings claims for the three performance indicators. The Department recommends that the Board accept this agreement in its entirety.

The Department and VEIC certify that in 2010, EVT achieved energy and capacity savings as outlined in the table below:

| Type | Savings |
|--------------------------------------------------------------------|-----------------|
| Net Annualized Energy Savings | 110,549,663 kWh |
| Total Resource Benefit | \$102,428,841 |
| Summer Peak Capacity Reduction | 16,299.5 kW |
| Winter Peak Capacity Reduction | 20,213.4 kW |
| Net Summer Peak Demand Savings in Geographically Targeted Areas | 4,851 kW |
| Net Winter Peak Demand Savings in Geographically Targeted Areas | 1,134 kW |

2. Pursuant to VEIC's Order of Appointment, the Department is to file by July 1 of each year its recommendation regarding EVT's annual savings claims and by July 15 of each year, VEIC or other interested parties may offer comments on the Department's recommendation to the Board. Given that the Department filed its recommendation after the July 1 deadline, interested parties were allowed to file comments by December 9, 2011.

The verification process found that EVT's annualized energy savings claims were overstated by about 4.3%, or 4,555 gross annual MWh, and statewide coincident peak savings were overstated by 4.6%, or 911 gross winter kW, and 7.6%, or 1,244 gross summer kW. The Department's findings are the result of numerous adjustments both upward and downward. The methods and strategies used to develop these adjustments are described in detail in the Verification Report. The overstatement of savings for the overall portfolio is significantly lower than the adjustment recommended for program year 2009, and consistent with previous years.³

The Department notes that the verification report highlights issues that it recommends be addressed on a prospective basis. These issues include: (1) project-level documentation; (2) assumptions regarding Efficient Products commercial lighting; (3) specialty compact fluorescent usage; (4) double counting of installed heating ventilation and air conditioning units; (5) implementation of server virtualization and information technology; and (6) review of performance-based contracting. The Department recommends that, as in the past, these issues be addressed within the scope of the Technical Advisory Group. The Department represents that this group has been successful at resolving issues that naturally result from the evolution of efficiency programs and the market.

In its November 17 recommendation, the Department identified its plans to proactively address the savings verification process itself. The Department represented that it and VEIC attempted to institute an iterative review process in an effort to ultimately minimize disagreements as the savings verification process drew to a close, and while the concept worked to some extent, it was very time consuming and should not be repeated for program year 2011 savings verification. The Department and VEIC have agreed to work to produce a timely verification report in 2012.

3. Two unique factors drove the magnitude of the 2009 adjustment, and, as expected, were not repeated in 2010. See *Verification of Efficiency Vermont's 2009 Claimed Annual MWh Savings, Coincident Summer and Winter Peak Savings and Total Resource Benefit*.

IV. DISCUSSION AND CONCLUSION

We have reviewed the Department's recommendation regarding EVT's Year 2010 electrical savings claim and have now determined the annual electrical savings, total resource benefits, summer peak demand savings, winter peak demand savings, and summer and winter peak demand savings in geographically targeted areas for the Year 2010 which will be credited toward EVT's total three-year performance goals.

We have determined that it is appropriate to accept the Department's recommendation. Therefore, for the year 2010:

- 110,549,663 kWh will be credited towards EVT's cumulative three-year annual electrical savings goal;
- \$102,428,841 will be credited towards EVT's cumulative three-year total resource benefits goal;
- 16,299.5 kW will be credited towards EVT's cumulative three-year summer peak demand savings goal;
- 20,213.4 kW will be credited towards EVT's cumulative three-year winter peak demand savings goal;
- 4,851 kW will be credited towards EVT's cumulative three-year net summer peak demand savings in geographically targeted areas savings goal; and
- 1,134 kW will be credited towards EVT's cumulative three-year net summer peak demand savings in geographically targeted areas savings goal.

We are persuaded by the Department's recommendation that the issues identified in the Verification Report should be addressed on a prospective basis. We conclude that, as in the past, these issues can be successfully addressed within the scope of the Technical Advisory Group. We require that within 6 months of the issuance of today's Order, VEIC file a status report indicating the progress the Department and VEIC have made in addressing the issues identified in the Verification Report.

The Department and VEIC have agreed to work together to proactively address the savings verification process itself and produce a timely verification report in 2012. Pursuant to VEIC's Order of Appointment, the Department is to file by July 1 of each year its

recommendation regarding EVT's annual savings claims. We expect the Department and VEIC to work together to meet the July 1 deadline.

SO ORDERED.

Dated at Montpelier, Vermont, this 22nd day of December, 2011.

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|-------------------------|---|----------------|
| <u>s/ James Volz</u> |) | |
| |) | PUBLIC SERVICE |
| |) | |
| <u>s/ David C. Coen</u> |) | BOARD |
| |) | |
| |) | OF VERMONT |
| <u>s/ John D. Burke</u> |) | |

OFFICE OF THE CLERK

FILED: December 22, 2011

ATTEST: s/ Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)